The National Battlefields Commission
Quarterly Financial Report
For the quarter ended June 30, 2014

Statement outlining results, risks and significant changes in operations, personnel and programs

Introduction

The National Battlefields Commission Mandate

The Commission was established in 1908 under the *Act respecting the National Battlefields in Quebec*. The Commission is a departmental corporation named in Schedule II of the *Financial Administration Act*.

The Commission's mandate is to ensure that all the cultural, recreational and natural resources of the Battlefields Park are developed in the best interest of Canadians and that the image of the Government of Canada is strengthened without compromising the historic character of the site. To achieve that goal, the Commission will acquire, preserve and develop the great historic battlefields in Quebec. In addition to Internal Services, the National Battlefields Commission has two program activities: « Conservation and Development » and « Public Education and Services ».

Further information on the mandate, roles, responsibilities and programs of The National Battlefields Commission can be found in the National Battlefields Commission's *2014-2015 Main Estimates*, available on the following website: http://www.tbs-sct.gc.ca/ems-sgd/me-bpd/20142015/me-bpd-eng.pdf page 221.

This quarterly financial report:

- should be read in conjunction with the *2014-2015 Main Estimates* and *Canada's Economic Action Plan 2012 (Budget 2012)*;
- has been prepared by management of The National Battlefields Commission as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board;
- has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Commission's spending authorities granted by Parliament and used by the Commission consistent with the Main Estimates for the 2014-2015 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Commission uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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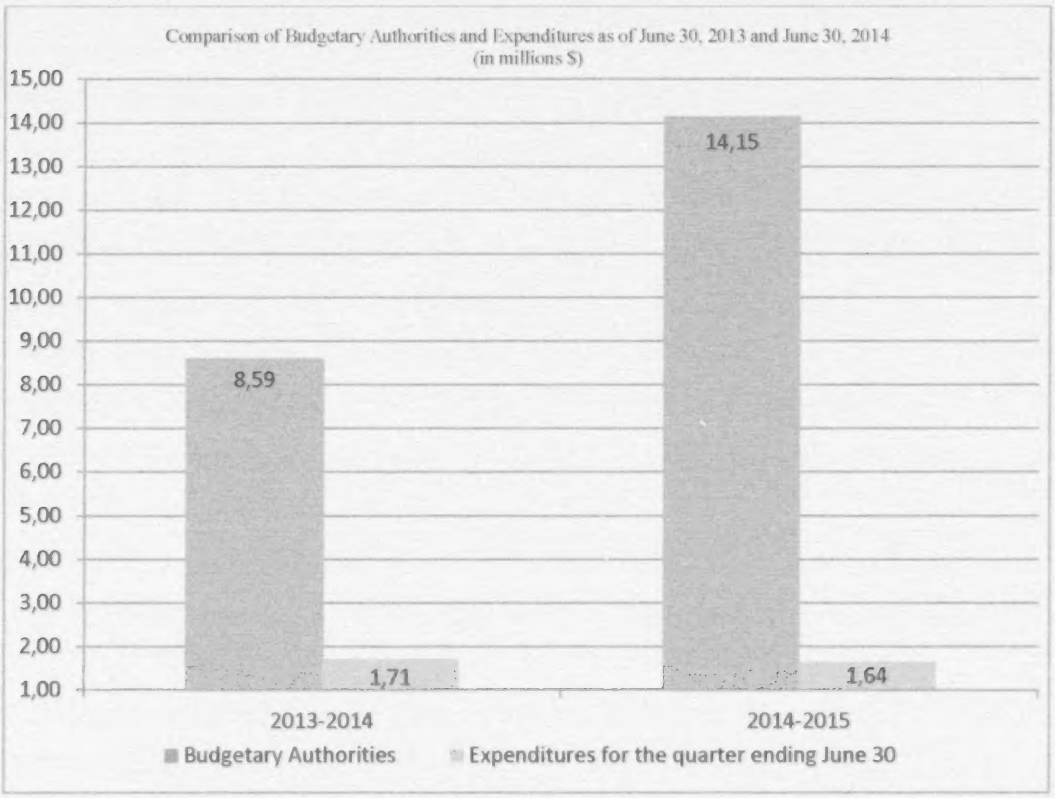
Highlights of fiscal quarter and fiscal year to date (YTD) results

This section highlights the significant items that contributed to the net increase in resources available for the year and the net decrease in actual expenditures for the quarter ended June 30, 2014.

Graph 1 :



Graph 1 outlines the budgetary authorities which represent the resources available for use for the year as of June 30.

Authorities' analysis

As at June 30, 2014, total authorities available for the year were up $5.56 million from the same quarter of the prior year, from $8.59 million to $14.15 million. This increase was due to an increase in the operating budget of $5.52 million, an increase in the expenditures pursuant to subsection 29.1(1) in the amount of $0.05 million and a decrease of the employee benefit plan (EBP) of $0.01 million.

The variation in the operating budget of $5.52 million comes from the combination of the acceptance of a budget in the amount of $5,470,000 in 2014-2015 for the redevelopment of Gilmour Hill to permit its year-round opening and the creation of a multi-purpose interpretive trail in Battlefields Park (T.B. 836990) and an increase in the allocated amount for salaries of $53,192 following the negotiations of the collective agreement.

Budgetary expenditures analysis

Compared to the previous year, total budgetary expenditures recorded at the end of the quarter, ending June 30, 2014 decreased from $1.71 million to $1.64 million as per the Table of departmental budgetary expenditures by Standard Object. This $0.07 million decrease represents a drop of 4% and is the result of favourable and unfavourable variances of the quarter.

The most significant decrease is in the standard object of *Personnel* ($209,616) due mainly to payments made in the first quarter of 2013-2014 for the liquidation of severance pay as outlined in the collective agreement signed October 29, 2012 and to certain measures taken to reduce the workforce in order to respect the payroll.

The most important increase is in the standard object *Other subsidies and payments* ($114,168) which is due to a one-time transition payment for implementing salary payment in arrears by the Government of Canada.

Additionally, there was an increase in *Professional and special services* ($27,647) since payments for protection services were made faster during the first quarter and since the Commission had to hire a private firm for the year-end audit as the Office of the Auditor General, in the context of budget cuts, notified the Commission that it could no longer perform its audit mandate.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 20, 2014.

The National Battlefields Commission may not achieve its objective of $1.85 million as statutory funding if for example, there is a drop in tourist traffic in 2014-2015 in comparison with 2013-2014. Most of the revenues come from parking lot fees and activities on the park.

In order to manage this risk, the Commission will perform an ongoing assessment of its expenses with relation to collected revenue and take appropriate measures in a timely manner.

Significant changes in relation to operations, personnel and programs

The 2014-2015 budget proposed by management and approved by the Board of Directors on March 19th, 2014 brought significant changes to the organization. This budget reflects reductions in anticipated revenues, wage and operating budget freezes and the willingness of the Commission to maintain quality services to park users. With an already reduced budget of $800,000 (rounded) as part of the government's initiatives to reduce the deficit, the Commission anticipates lower parking revenues and a budget freeze. An analysis of the various operating budget items in such a context of fiscal austerity shows very little leeway.

To remedy this situation, the Commission does not intend to reduce its services to the public. Instead it will draw on its operating budget and it will focus on reorganization as a measure of downsizing. Special non-recurring projects will be limited. The Commission had to abolish two permanent positions as of April 1st, 2014. Furthermore, no student hiring is expected in certain sectors, an employee will see his hours reduced in the fall of 2014 and a currently vacant seasonal day labourer position will not be filled.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and businesses to deal with their government; and, modernize and reduce the back office.

Budget 2012 announced that the National Battlefields Commission would save $800,000 (rounded) by 2014-2015, under government initiatives to reduce the deficit.

Here, more specifically, is how the Commission will achieve the reduction objective and cut its budget by 10% over two fiscal years for a total saving of $755,000. It is important to note that the Commission will not decrease the services it offers the public. Instead, it is drawing from its capital budget and using the 2012-2013 reorganization to rationalize its workforce.

The decision made in 2012 by the Québec Port Authority to terminate the agreement to operate and run Brown Basin (unrelated to the budget) allows the Commission to shrink its human resources investment there.

The position of development and environment advisor will not be maintained with the incumbent's departure. The currently vacant mason position will not be filled either. Including benefits, savings will be of the order of $156,000.

A review of certain operating budget items indicates that there is very little flexibility, allowing only for a possible reduction in long-term investment in non-recurring special projects. About $599,000 will be cut, starting in fiscal year 2013-2014.

It goes without saying that these budget cuts are significant. The Commission wished to limit the impact on employees and the public as much as possible, but various projects, including infrastructure renewal, will have to be spread over a greater number of years. Be that as it may, the Commission is maintaining its objectives with regard to conserving and enhancing its territory. Urgent priority work will go on and an effort will be made to minimize safety risks to users and keep facilities in compliance.

Approval by Senior Officials

Approved by:

The original version was signed by:
André Beaudet, Secretary – Director General

The original version was signed by:
Paule Veilleux, Director of administration

Québec, Canada
August 13, 2014

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Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Total available for use for the year ending March 31, 2015 *	Used during the quarter ended June 30, 2014	Year to date used at quarter end	Total available for use for the year ending March 31, 2014	Used during the quarter ended June 30, 2013	Year to date used at quarter end
Program expenditures	11 941	1 011	1 011	6 417	1 042	1 042
Contributions to employee benefit plans	360	90	90	371	93	93
Expenditures pursuant to subsection 29.1(1) of the Financial Administration Act	1 850	542	542	1 800	576	576
Total authorities	14 151	1 643	1 643	8 588	1 711	1 711

* Includes only Authorities available for use and granted by Parliament at quarter end.

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Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended June 30, 2014	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2014	Expended during the quarter ended June 30, 2013	Year to date used at quarter end
Expenditures:						
Personnel	2 545	1 091	1 091	2 502	1 300	1 300
Transportation and communications	100	13	13	100	17	17
Information	300	43	43	250	52	52
Professional and special services	740	105	105	700	77	77
Rentals	70	17	17	160	11	11
Puchased repair and maintenance	776	57	57	800	74	74
Utilities, materials and supplies	900	173	173	900	177	177
Acquisition of land, buildings and works	5 970	14	14	500	-	-
Acquisition of machinery and equipment	150	16	16	76	3	3
Transfer payments	-	-	-	-	-	-
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	2 600	114	114	2 600	-	-
Total Expenditures	14 151	1 643	1 643	8 588	1 711	1 711